

Fiscal TOPICS

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Tuition Refund Fund

Purpose and History

[Senate File 501](#) (State Authorization Reciprocity Agreements) created the Tuition Refund Fund in Iowa Code section [714.23](#). The Fund is under the control of the Office of the Attorney General for purposes of certain student tuition refunds. Iowa Code section [714.23](#) permits Iowa students to receive a full tuition refund under a reciprocity agreement by applying to the Office of the Attorney General for a refund of any tuition charges not refunded by the out-of-state school they attend. Under Iowa Code section [261G.4\(1\)](#), postsecondary institutions of other states are exempted from the Iowa postsecondary registration and tuition refund requirements if the postsecondary institution participates with Iowa in an interstate registration reciprocity agreement.

Background

The Midwestern Higher Education Compact (MHEC) approved Iowa as the eighth state to join the Midwestern State Authorization Reciprocity Agreement (M-SARA). Legislation enacted in 2014 permitted Iowa to participate in the State Authorization Reciprocity Agreement (SARA) administered by the four regional higher education compacts, including MHEC, of which Iowa is a member. SARA is intended to simplify the process for colleges and universities wishing to offer distance education to students outside the state in which the school is operating.

In 2014, Iowa's application to SARA was deemed inadequate because it preserved the rights of Iowa students to rely on Iowa's consumer protection laws, including the right to a full tuition refund. Under SARA, a student seeking a refund must rely first on the laws of the state in which the school is operating. If that state does not guarantee a full refund, the student must rely on the provisions of the student's enrollment agreement with the school. As a result of [SF 501](#), Iowans may seek a refund from the Office of the Attorney General in the event that the first two options do not result in a full refund. The enactment of this legislation allowed Iowa to resubmit the application to participate in SARA and receive approval.

Funding

The Legislative Services Agency (LSA) was notified by the Office of the Attorney General in June 2015 that the Office had transferred \$100,000 from the Mortgage Servicing Settlement Fund to the Tuition Refund Fund. The Attorney General did not expend any of the funds in FY 2015 or FY 2016.

More Information

Office of the Attorney General: <http://www.iowaattorneygeneral.gov/>

Midwestern Higher Education Compact: <http://www.mhec.org/>

Iowa General Assembly: <http://www.legis.iowa.gov/>

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